



**Calhoun: The NPS Institutional Archive**

---

Theses and Dissertations

Thesis Collection

---

1985

A study internal review in the Fleet Marine Force  
Pacific and host activity commands.

Summers, Donald E.

---

<http://hdl.handle.net/10945/21561>



Calhoun is a project of the Dudley Knox Library at NPS, furthering the precepts and goals of open government and government transparency. All information contained herein has been approved for release by the NPS Public Affairs Officer.

**Dudley Knox Library / Naval Postgraduate School**  
**411 Dyer Road / 1 University Circle**  
**Monterey, California USA 93943**

<http://www.nps.edu/library>









DUDLEY KNOX LIBRARY  
NAVAL POSTGRADUATE SCHOOL  
MONTEREY, CALIFORNIA 93943



# NAVAL POSTGRADUATE SCHOOL

## Monterey, California



# THESIS

A STUDY OF INTERNAL REVIEW IN THE  
FLEET MARINE FORCE PACIFIC  
AND HOST ACTIVITY COMMANDS

by

Donald E. Summers

June 1985

Thesis Advisor:

James M. Fremgen

Approved for public release; distribution is unlimited

T227293



UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)

REPORT DOCUMENTATION PAGE		READ INSTRUCTIONS BEFORE COMPLETING FORM
1. REPORT NUMBER	2. GOVT ACCESSION NO.	3. RECIPIENT'S CATALOG NUMBER
4. TITLE (and Subtitle) A Study of Internal Review in the Fleet Marine Force Pacific and Host Activity Commands		5. TYPE OF REPORT & PERIOD COVERED Master's Thesis June 1985
		6. PERFORMING ORG. REPORT NUMBER
7. AUTHOR(s)  Donald E. Summers		8. CONTRACT OR GRANT NUMBER(s)
9. PERFORMING ORGANIZATION NAME AND ADDRESS  Naval Postgraduate School Monterey, California 93943-5100		10. PROGRAM ELEMENT, PROJECT, TASK AREA & WORK UNIT NUMBERS
11. CONTROLLING OFFICE NAME AND ADDRESS  Naval Postgraduate School Monterey, California 93943-5100		12. REPORT DATE June 1985
		13. NUMBER OF PAGES 107
14. MONITORING AGENCY NAME & ADDRESS (if different from Controlling Office)		15. SECURITY CLASS. (of this report)  Unclassified
		15a. DECLASSIFICATION/DOWNGRADING SCHEDULE
16. DISTRIBUTION STATEMENT (of this Report)		
17. DISTRIBUTION STATEMENT (of the abstract entered in Block 20, if different from Report)  Approved for public release; distribution is unlimited		
18. SUPPLEMENTARY NOTES		
19. KEY WORDS (Continue on reverse side if necessary and identify by block number) Internal Review Internal Audit Fleet Marine Force Comptroller Internal Control		
20. ABSTRACT (Continue on reverse side if necessary and identify by block number)  Internal review, the Marine Corps commander's in-house audit function, is an element of internal control within a command that can aid the commander in his/her management of resources in pursuit of his/her readiness objective. This thesis discusses the background of internal review and its potential importance in contributing to improved economy, efficiency and effectiveness of operations. A model is developed from current authoritative Marine Corps directives		

DD FORM 1 JAN 73 1473

EDITION OF 1 NOV 65 IS OBSOLETE

S N 0102-LF-014-6601

UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE (When Data Entered)



and preferred practices from the private sector to be used as a standard in the study. A survey of the Fleet Marine Forces Pacific (FMCPAC) and host activity commands was conducted to gather data to determine the degree of compliance with the standard model. The causes for non-compliance are discussed and recommendations for improvement are presented for areas where significant findings resulted.

Approved for public release; distribution is unlimited

A Study of Internal Review in the Fleet Marine  
Force Pacific and Host Activity Commands

by

Donald E. Summers  
Major, United States Marine Corps  
B.S., Southern Colorado State College, 1973

Submitted in partial fulfillment of the  
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL  
June 1985

---

8626  
c.1

## ABSTRACT

Internal review, the Marine Corps commander's in-house audit function, is an element of internal control within a command that can aid the commander in his/her management of resources in pursuit of his/her readiness objective. This thesis discusses the background of internal review and its potential importance in contributing to improved economy, efficiency and effectiveness of operations. A model is developed from current authoritative Marine Corps directives and preferred practices from the private sector to be used as a standard in the study. A survey of the Fleet Marine Forces Pacific (FMFPAC) and host activity commands was conducted to gather data to determine the degree of compliance with the standard model. The causes for non-compliance are discussed and recommendations for improvement are presented for areas where significant findings resulted.

## TABLE OF CONTENTS

I.	INTRODUCTION. . . . .	8
	A. GENERAL . . . . .	8
	B. OBJECTIVE . . . . .	10
	C. METHODOLOGY . . . . .	10
	D. ORGANIZATION. . . . .	11
II.	BACKGROUND. . . . .	13
	A. INTRODUCTION. . . . .	13
	1. Internal Review and Internal Auditing . . . . .	13
	2. External Audits . . . . .	14
	B. IMPORTANCE OF INTERNAL REVIEW . . . . .	15
	C. HISTORY OF INTERNAL AUDITING IN GOVERNMENT. . . . .	19
	D. INTERNAL REVIEW IN THE MARINE CORPS . . . . .	21
	E. SUMMARY . . . . .	22
III.	NORMATIVE MODEL . . . . .	24
	A. INTRODUCTION. . . . .	24
	B. MODEL ELEMENTS. . . . .	24
	1. Scope . . . . .	25
	a. Federal Government. . . . .	25
	b. Private Sector. . . . .	27
	c. Marine Corps. . . . .	29
	2. Independence. . . . .	31
	3. Staffing and Personnel. . . . .	33



4.	Management of the Internal Review Function. . . . .	35
a.	Due Professional Care . . . . .	35
b.	Programming for Internal Review . . . . .	36
c.	Performing an Internal Review . . . . .	37
d.	Performing an Operational Audit . . . . .	38
e.	Documentation of Internal Review. . . . .	40
f.	Reporting the Results of an Internal Review . . . . .	40
5.	Internal Review Follow-up and Liaison . . . . .	41
C.	SUMMARY . . . . .	42
IV.	SURVEY AND FINDINGS . . . . .	43
A.	SURVEY METHODOLOGY. . . . .	43
B.	FINDINGS. . . . .	45
1.	Demographics . . . . .	45
2.	Scope. . . . .	46
3.	Independence . . . . .	47
4.	Personnel. . . . .	51
5.	Staffing . . . . .	54
6.	Due Professional Care. . . . .	57
7.	Programming. . . . .	57
8.	Performing an Internal Review. . . . .	60
9.	Operational Auditing . . . . .	61
10.	Reporting. . . . .	61
11.	Follow-up. . . . .	62
12.	Liaison. . . . .	63

V. CONCLUSIONS AND RECOMMENDATIONS. . . . .	65
A. CONCLUSIONS. . . . .	65
1. Model Conformity . . . . .	65
2. Observed Patterns. . . . .	68
a. Base Commands. . . . .	68
b. Fleet Marine Force (FMF) Commands. . .	69
3. Analysis of Difference . . . . .	71
B. RECOMMENDATIONS. . . . .	72
1. Organization . . . . .	72
2. Reporting. . . . .	73
3. Staffing . . . . .	73
4. Training . . . . .	73
LIST OF REFERENCES . . . . .	74
APPENDIX A: SUMMARY OF GOVERNMENTAL AUDIT STANDARDS .	79
APPENDIX B: FY85 INTERNAL REVIEW PLAN . . . . .	84
APPENDIX C: QUESTIONNAIRE . . . . .	89
APPENDIX D: SEMIANNUAL REPORT OF INTERNAL REVIEW ACTIVITIES. . . . .	95
APPENDIX E: FISCAL INSPECTION CHECKLIST . . . . .	98
INITIAL DISTRIBUTION LIST. . . . .	107

## I. INTRODUCTION

### A. GENERAL

The Marine Corps commander is tasked with the responsibility for maintaining readiness in training and in material within financial constraints. Readiness objectives require continuous vigilance, review, and analysis of the application of manpower, material, and financial resources. These actions are necessary to establish operational priorities, to define operational objectives, and to provide the commander with alternative courses of action. The commander's task is most difficult. Consequently, the commander has been provided with an in-house review function that can aid in perfecting the management of resources to achieve the readiness objectives.

Internal review, the Marine Corps field commander's in-house audit function, has received increasing attention because of its potential contribution to improve economy, efficiency and effectiveness of operations. The Marine Corps policy regarding internal review states:

The internal review function is designed to provide commanders an organic capability to examine, analyze, evaluate and explore those areas of operations where known or potential problem areas exist which may adversely affect the efficient and economical use of command resources.

Internal review represents an extension of the financial management responsibilities of commanders to ensure that the commitment of resources is in accordance with prescribed statutory requirements

and in conformance with the policies and procedures directed by the Commandant of the Marine Corps. Within this context, the internal review function will periodically assess the effectiveness of prescribed internal control procedures not only for the accountability, recordation, certification and expenditure of appropriated funds, but also for the effective use of personnel resources and the control of command property, materials and supplies.

The effective use of internal review will not only provide commanders a means for assessing the adequacy and quality of internal command operations, but will also serve as the basis for the timely detection and correction of unsatisfactory conditions and practices. [Ref. 1]

Internal review in the Marine Corps is undergoing changes as a result of a Commandant of the Marine Corps (CMC) White Letter regarding Internal Review Policy dated 27 January 1983 and Marine Corps Order (MCO) 5200.24, Establishment, Review and Improvement of Management Control Systems. The CMC white letter expands the scope of internal review into operational or functional areas where the reviews potentially are of value. Such reviews must often cross functional lines within a command. [Ref. 2] Marine Corps Order 5200.24 requires commanders to perform internal control reviews on an ongoing basis and to report the results of these reviews quarterly. The reason for this resurgence is to curb fraud, waste, and abuse of Government resources and to promote operational effectiveness and efficiency through effective use of internal controls. [Ref. 3] The need to comply with MCO 5200.24 suggests that commanders will undertake an explicit evaluation of their internal control systems.



The internal review function will most likely play a major role in that effort. Given the rising interest in the accountability of resources, the in-house audit capability offered by internal review will be increasingly important to the commander in the execution of command responsibilities.

## B. OBJECTIVE

The purpose of this thesis is to study the internal review function in the Fleet Marine Forces Pacific (FMFPAC) commands by answering the following questions:

1. Who performs internal review?
2. What are the functions of internal review?
3. How does the internal review group perform its function?

The answers to the above questions will be used to determine if internal review policy and preferred practices are actually being implemented in FMFPAC commands. This thesis will also examine the reasons for non-compliance with policy and preferred practices, if any; and recommendations will be given for improvement.

## C. METHODOLOGY

First, a literature search was conducted to develop a model to be used as a standard in the study of the internal review function within the FMFPAC commands. This model comprises policies, regulations, and preferred practices with which the internal review function should comply. The

literature search included authoritative documents from the Marine Corps, Navy, Department of Defense (DoD), and General Accounting Office (GAO) Standards, as well as periodicals, textbooks, and professional literature.

Next, a questionnaire was developed from the model to be used in a survey. The purpose of the survey was to determine if the standards from the model were being practiced. The fourteen FMFPAC commands authorized in-ternal review functions were surveyed. Five of the com-mands were surveyed on-site and the remainder were surveyed by telephone. Finally, the results were ana-lyzed, the conclusions were formed, and the recommenda-tions were presented.

#### D. ORGANIZATION

The thesis is organized into five chapters. Chapter I is an introduction to the subject and provides the rationale for the thesis.

Chapter II discusses the background of internal review. It defines internal review, its importance, its history, and the establishment of the internal review function in the Marine Corps.

The normative model that will serve as the standard to determine if policy and preferred practices are being implemented in the FMFPAC commands is introduced in Chapter III. The model is used to describe what should be occurring in the internal review function, in view of the policies and the preferred practices.

Chapter IV describes the survey technique used to gather data for the thesis. The results of the survey, with amplifying comments, are also presented in this chapter.

Conclusions from the survey are presented in Chapter V. The conclusions are based on the degree of conformity to the model. A pattern of difference between practice and conformance with the model is discussed. Chapter V also offers recommendations for improvement of the internal review function.

## II. BACKGROUND

### A. INTRODUCTION

This chapter will provide the background of internal review for the normative model introduced in Chapter III. The model will serve as a standard to determine if internal review policy and preferred practices are actually being implemented in Fleet Marine Force Pacific (FMFPAC) commands. This chapter will discuss the definition of internal review, its importance, its history, and the establishment of the internal review function in the Marine Corps.

#### 1. Internal Review and Internal Auditing

The Institute of Internal Auditors, the professional society of the internal auditing field, declares:

Internal auditing is an independent appraisal activity within an organization for the review of accounting, financial and other operations as a basis for service to management. It is a managerial control, which functions by measuring and evaluating the effectiveness of other controls. [Ref. 4]

Internal review, within the Department of the Navy, is defined as:

...the conducting of audits, studies, analyses or evaluations of command/activity operations. The function affords an in-house means to detect deficiencies, improprieties or inefficiencies, and to provide recommendations to correct conditions which adversely impact on mission accomplishment, command integrity, or economical use of command resources. [Ref. 5]



Internal review and internal audit are terms that are often used interchangeably and will be so used here. In practice in the Department of Defense (DoD) the two terms have different connotations. The distinction is in the level at which the audit is performed.

Internal Review is a function performed within one command, at the direction of the head of that command or in pursuance of a plan approved by him, the results of which are reported to him. [Ref. 6]

In contrast to internal review, "AUDIT" or "INTERNAL AUDIT" is internal to the Department of the Navy, (including the Marine Corps) as a whole, even though external to the specific command being audited. [Ref. 7]

## 2. External Audits

The principal agency for conducting audits external to the Marine Corps is the General Accounting Office (GAO). The GAO performs the audit function for Congress. The head of the GAO, the Comptroller General, reports to and is solely responsible to Congress. The GAO audits much of the financial information prepared by the various government agencies before it is presented to Congress. There is considerable emphasis on compliance in these audits, since the authority for expenditures and receipts of governmental agencies is defined by law. Recent GAO audit reports have been devoted to evaluating the operating efficiency and effectiveness of various government programs. [Ref. 8]

Internal auditors and GAO auditors have much in common. Internal auditors are guided by GAO standards in

conducting audits at the command level. The principal difference is, however, the level of reporting. The findings of the GAO audits are public record, whereas, internal audit findings are used within the command.

#### B. IMPORTANCE OF INTERNAL REVIEW

With the increase in the size of our nation's budget deficit, and the consequent attention to cost cutting in the defense budget, it is imperative for all Marine Corps activities to operate and maintain defense programs, forces, and facilities at peak efficiency. The newspapers are reporting about Pentagon fraud, waste or abuse and how it is costing American taxpayers billions of dollars. The public, through Congress, is demanding that the Department of Defense (DoD) make efficient use of the funds appropriated to it. The estimated savings from eliminating fraud, waste, and mismanagement vary anywhere from \$3 billion to \$23 billion annually. [Ref. 9]

The passage of the Inspector General Act of 1978, Public Law 95-452, required everyone within DoD to take an active role in the war on waste. [Ref. 10] Section 5 of this law requires the heads of agencies to submit semi-annual reports of actions taken to counter fraud, waste, and abuse to the chairmen of both the House and Senate Appropriations Committees and of both Armed Services Committees. Copies of all GAO audit reports pertinent to DoD are also sent to Congress and to the Director, Office

of Management and Budget (OMB). [Ref. 11] Moreover, the underlying threat to DoD from this close scrutiny is that Congress may add up all savings estimates contained in these audit reports and then deduct a like amount from DoD's annual appropriation. With this in mind, it becomes incumbent upon a commander to establish and maintain an effective internal review staff. The staff would detect cases that could lead to inefficient or wasteful operations.

In an effort to combat fraud, waste, abuse, and mismanagement in the Federal Government there has been an increased emphasis on the establishment, maintenance, review, and improvement of internal control systems. The Budget and Accounting Procedures Act of 1950 required that each agency head establish and maintain systems for accounting and internal control. The intent of this Act was that such systems would help to prevent fraud, waste and mismanagement. In spite of the Act, however, instances of fraud, waste, and abuse continued to occur at an unacceptable level. In August 1980, a GAO report found widespread and prevalent control weaknesses in the Federal Government. [Ref. 12]

In October 1981, the Office of Management and Budget issued OMB Circular A-123, "Internal Control Systems." The policy stated in this circular was:

Agencies shall maintain effective systems of accounting and administrative control. All levels of management shall involve themselves in assuring the adequacy of

controls. New programs shall incorporate effective systems of internal control. All systems shall be evaluated on an ongoing basis, and weaknesses, when detected, shall be promptly corrected. Reports shall be issued, as required, on internal control activities and the results of evaluations. [Ref. 13]

The circular assigns internal control responsibility to the head of each agency. It also requires appropriate managers to perform assessments and reviews of internal controls on an on-going basis. The senior audit official is encouraged, by the circular, to provide technical assistance in the agency's effort to evaluate and improve internal controls.

The Federal Manager's Financial Integrity Act, passed by Congress in September 1982, requires each government agency to establish, maintain and evaluate internal control systems in accordance with the standards prescribed by the Comptroller General and guidelines issued by OMB. This Act requires an annual statement from the head of each Executive Agency to the President and the Congress stating whether or not the agency's management control systems comply with the requirements of the Act.

[Ref. 14]

Recent audit/review findings have indicated that instances of fraud, waste, abuse and mismanagement in the Marine Corps have resulted from a management failure to assess adequately areas of potential vulnerability and to establish, maintain, review and improve appropriate internal controls. [Ref. 15] Marine Corps Order 5200.24,



## Establishment, Review, and Improvement of Management

Control Systems requires commanders to perform management control reviews on an ongoing basis and to report the results of management control reviews quarterly. The need to comply with this order suggests that commanders will undertake explicit evaluations of their internal control systems. The internal audit function will most likely play a major role in that effort. Internal auditors will be increasingly looked to as evaluators (rather than providers) of internal control. The internal auditor is the internal control expert who must share this expertise with commanders by providing technical assistance and guidance. As evaluators they will be asked to furnish assurance to commanders that the system is functioning effectively.

[Ref. 16]

In addition to being an important part of a command's system of internal controls, the internal auditor can also be a valuable member of the management team. The internal auditor will provide information on what is occurring in the command at various levels. His knowledge of management policies and procedures and his contacts with officials and employees at all organizational levels can promote better communications within the command. The internal auditor can obtain first-hand observations on the usefulness or effectiveness of prescribed policies and procedures and he can bring to the command's attention those

that need modification, explanation, and interpretation.  
[Ref. 17]

### C. HISTORY OF INTERNAL AUDITING IN GOVERNMENT

The history of internal auditing can be traced back to early times. In the Nile Kingdoms, Athens, and in Rome the state auditors were the first of governmental "technicians." Early English audits in the 12th century were performed in court. Through the fifteenth century, auditing was intended to verify the fidelity of government officials charged with fiscal responsibility. Financial statements were analyzed and traced to records and to physical inventories. All transactions were traced back to the supporting documents. Government auditors were not all accountants. The auditors needed bookkeeping experience but many of them were appraisers, attorneys, or estate executors. Professional judgement, as we know it today, was not required; and in many cases the auditors lacked independence. [Ref. 18]

The need for auditing in the military services was recognized by the country's first leaders. George Washington, historians tell us, admonished the Continental Congress on 14 July 1776, saying "...the establishing of some office for auditing accounts is a matter of exceeding importance to the public interest." [Ref. 19]

Prior to World War II auditing in the military consisted mainly of after-the-fact review of accounting

records and of vouchers, without the essential ingredients needed to control expenditures or evaluate management's efficiency and effectiveness. After World War II Congress became concerned with rising costs. As a result, the move toward providing internal audit programs in each of the military services was begun. In 1949, the Hoover Commission on Organization of the Executive Branch of Government reported to Congress that:

...the maintenance of a huge military force and of enormous military budgets in peacetime poses a severe problem. It introduces a new element into our social and political life; this spending, both as a drain on the taxpayers and as purchasing power, can vitally affect our economy. The degree of our success in achieving efficiency of military operations and planning, economy in execution and proper relationship of this new force to our political and economic fabric can make the difference between democracy and totalitarianism, both for our Nation and for the whole world. [Ref. 20]

With the passage of the National Security Act Amendments of 1949, Congress statutorially required the establishment of an internal audit capability in each military department. Section 402(a) of the Act requires the Secretary of the Navy to organize and conduct internal audit in a manner consistent with the operations of the Office of the Comptroller of the Department of Defense. [Ref. 21]

Additional authority for the establishment of the internal audit function in the Department of the Navy was provided in the Budget and Accounting Procedures Act of 1950. This Act requires the head of each executive agency

to establish and maintain systems of accounting and internal control, to include internal audit, and to provide effective control over accountability for all funds, property and other assets. [Ref. 22]

#### D. INTERNAL REVIEW IN THE MARINE CORPS

The Naval Audit Service fulfills the statutory requirement of internal audit for the Marine Corps required by the National Security Act Amendments of 1949 and the Budget and Accounting Procedures Act of 1950. [Ref. 23] Internal Review, though not required by statute, is authorized by DoD in recognition of the need for some in-house audit capability at the field command level. Marine Corps Order 7540.2A, Internal Review is the authoritative directive within the Marine Corps that prescribes policy and guidelines for the internal review function at Marine Corps commands and activities. The order was amplified in a Commandant of the Marine Corps white letter on Internal Review Policy dated 27 January 1983.

The Marine Corps Order on internal review applies to the Headquarters, Fleet Marine Force, Pacific (FMFPAC) and the Headquarters, Fleet Marine Force, Atlantic. The provisions of the Order are further applicable to all camps, posts, stations, depots and centers that are authorized comptroller organizations. [Ref. 24] In addition, the commands within FMFPAC having comptroller

organizations are required to have an internal review function in accordance with Fleet Marine Force Pacific Order 7540.1, Internal Review. Commands are required to conduct internal review in accordance with MCO 7540.2A with available resources. Internal review is a function that involves the entire command. Therefore, a formal internal review section does not have to be established before an internal review can be conducted. It is recognized that the Marine Corps does not have the trained military personnel to establish and maintain an internal review program in all Fleet Marine Force commands.

[Ref. 25]

#### E. SUMMARY

This chapter has established the background of internal review for the model that will serve as a standard in the study of the internal review function in FMFPAC commands. The author has defined and distinguished between internal review and internal audit. The author has elected to use the two terms interchangeably in this thesis since internal review is the commander's in-house audit function.

The importance and current emphasis of the internal review function was established by describing its relevance in the public sector. With the history, the meaning, and the importance of internal review established, the author proceeds to address the establishment of the



internal review function in the Marine Corps. Chapter III will specify the evaluation model used in the study.

### III. NORMATIVE MODEL

#### A. INTRODUCTION

The normative model discussed in this chapter provides the framework that will serve as a standard to determine if policy and preferred practices are actually being implemented. The model is used to explain what should be occurring in accordance with the policies, the regulations, and the preferred practices contained in the professional literature from both the public and the private sectors. A preferred practice is defined as "...one that has been found successful (or a criterion that has been found optional) through experience, and study of, many entities over a period of years." [Ref. 26] The preferred practices are not required by regulations; however, if incorporated in internal review, they could enhance performance.

The model and the subsequent questionnaire developed from the model will be used to answer the following questions:

- (1) Who performs internal review?
- (2) What are the functions of internal review?
- (3) How does the internal review group perform the functions?

#### B. MODEL ELEMENTS

From the review of the literature and regulations the author has identified five major elements of the

normative model. These elements are categories of features that should be present in an internal review activity that conforms to the model. The subsequent discussion will be organized according to the following categories:

1. Scope: This defines the activities or functions covered by internal review.
2. Independence: The internal auditor is free from undue influence or control by others who could affect his impartiality in reporting audit findings.
3. Staffing and Personnel: Internal review positions are filled with a sufficient number of auditors with the requisite knowledge, training, and familiarity of command operations to accomplish the intent of internal review.
4. Management of the Internal Review Function: This includes the due professional care exercised by the auditor, the programming of internal reviews, the performing of an internal review and operational audit, the documenting of a review, and the reporting of results of an internal review.
5. Internal Review Follow-up and Liaison: The internal auditor ensures that internal review recommendations are implemented and functions as the point of contact between the command and external audit agencies.

1. Scope

- a. Federal Government

The management of public programs is quite complex. The complexity derives from the elaborate structure of interrelationships among all levels of government, making accountability difficult. Public officials who manage programs with government funds are

accountable to other public officials, legislators, and private citizens. It is imperative for them to know whether government funds are being handled properly and in compliance with laws and regulations and to know whether government organizations are achieving, in an economical and efficient manner, the purposes for which programs were authorized. [Ref. 27]

The General Accounting Office (GAO), in its publication, Standards for Audit of Governmental Organizations, Programs, Activities and Functions, has listed three standards for an expanded scope of audit to help ensure full accountability and to assist government officials and employees in carrying out their responsibilities. The three elements of expanded scope auditing are as follows:

1. Financial and compliance--determines (a) whether the financial statements of an audited entity present fairly the financial position and the results of financial operations in accordance with generally accepted accounting principles and (b) whether the entity has complied with laws and regulations that may have a material effect upon the financial statement.
2. Economy and efficiency--determines (a) whether the entity is managing and utilizing its resources (such as personnel, property, space) economically and efficiently, (b) the causes of inefficiencies of uneconomical practices and (c) whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

3. Program results--determines (a) whether the desired results or benefits established by the legislature or other authorizing body are being achieved and (b) whether the agency has considered alternatives that might yield desired results at a lower cost. [Ref. 28]

Auditing in the Federal government is guided by the GAO's standards. A summary of the standards is shown in Appendix A. The current regulations do not require that GAO standards be specifically applied to internal review. However, the standards do provide a viable model for the conduct of an internal review.

b. Private Sector

In the private sector, the internal auditor's scope of operation is expanding. The size, diversification, and geographical dispersion of modern business operations have emphasized the problem faced by corporate executives in maintaining control over their companies' operations. Since personal observation is no longer possible, many executives are turning to internal auditors to strengthen their system of internal control.

[Ref. 29] The internal auditor's scope of operation is broadening into nonfinancial (operational) auditing, but the primary responsibility continues to be the protection of assets and detection of fraud through financial audits.

[Ref. 30] A survey of internal auditing, conducted by the Institute of Internal Auditors, reported the following facts concerning the scope of the internal auditor's work:



- a. More internal auditors are extending the scope of their work into nonfinancial (operational) audit areas.
- b. The majority of internal auditors stated that they have unlimited scope of audit in their assignments.
- c. Most companies utilize the internal audit staff to appraise systems rather than to develop and install the systems.
- d. Many companies are also using internal auditing to appraise operating, as well as financial, systems.
- e. Two-thirds of the respondents stated that the development of internal auditing in their companies has resulted in significant changes in their public accountant's audit program. [Ref. 31]

The National Industrial Conference Board study of internal auditing cited five principal objectives that were mentioned by the management of most companies. They are to:

- a. Determine the adequacy of the system of internal control
- b. Investigate compliance with company policies and procedures
- c. Verify the existence of assets, see that proper safeguards for assets are maintained and prevent or discover fraud
- d. Check on the reliability of the accounting and reporting system
- e. Report findings to management and recommend corrective action where necessary. [Ref. 32]

Some secondary objectives, of internal auditing, that were cited in the report are to:

- a. Promote accounting efficiency
- b. Provide a training ground for both financial and general management personnel

- c. Supplement the work of the public accountants and cooperate with them on the annual audit
- d. Appraise personnel performance
- e. Investigate compliance with rules of regulatory agencies
- f. Assist in profit-improvement activities
- g. Provide general assistance to management
- h. Assist in instituting new procedures. [Ref. 33]

Management usually participates in the internal audit function by determining scope and basic policy, developing an awareness among all levels of management of the uses of internal auditing, and following up on the audit findings. [Ref. 34]

#### c. Marine Corps

The role of the internal auditor in the Marine Corps is changing. With the current emphasis on internal controls the internal auditor is moving more into the field of operational or management auditing. This new role is evident in the Commandant of the Marine Corps Internal Review Policy statement of January 1983. The purpose of internal review in the Marine Corps is:

To provide the commander a capability to ensure that funds, personnel, equipment and other resources are employed effectively, securely, economically and within legal and administrative constraints. The function is a management tool which assists the commander in effectively carrying out mission related responsibilities. Internal reviews should be conducted in operational or functional areas where the reviews potentially are of value. Such reviews often must cross organizational lines within a command to fully and comprehensively evaluate the various functional areas and their interdependence. The internal review

function is intended to focus upon the activities of the command, and provides a responsive, readily available and independent in-house means to evaluate performance, detect fraud, waste and abuse, and highlight both illogical and illegal practices. Therefore, internal review should be considered an integral and essential part of the system of internal control within a command. [Ref. 35]

Internal Auditors are an integral part of the management team. They should be employed as fact-finders for the commander. Procedures used should ensure the information attained is accurate and that the opportunities for an undetected departure from plans and policies and for theft or defalcation are kept to a minimum.

[Ref. 36] Internal auditors conduct special studies and examinations for the purpose of detecting and correcting unsatisfactory conditions in connection with established practices and procedures. Internal auditors are also concerned with recommending appropriate action to correct existing deficiencies discovered during their audit or brought to the attention of the commander by external sources. [Ref. 37]

Internal auditing is a service to the command. It is an important management tool for the commander.

[Ref. 38] Within the command, internal auditors should provide services to the commander:

1. Review, appraise, and report on the extent and nature of internal compliance with management's policies, plans and procedures. [Ref. 39]
2. Test management controls to determine if they are effective and functioning as designed. If

they are neither effective nor functioning as designed the auditor should make recommendations for improvement. [Ref. 40]

3. Determine if there is proper, prudent, efficient, and economical utilization of command resources. [Ref. 41]
4. Determine if operating procedures best provide for the accomplishment of the assigned mission. [Ref. 42]
5. Monitor the correction of deficiencies which are revealed by external audit agencies or other external reports. [Ref. 43]
6. Serve as a liaison and focal point for actions related to audits conducted by external audit agencies. [Ref. 44]
7. Review the means of safeguarding assets and, as appropriate, verify the existence of such assets. [Ref. 45]

## 2. Independence

Independence is the cornerstone of auditing. The internal auditor's independence is essential to the effectiveness of the internal audit program. Commanders must expect their internal auditors to be free from other command influences to guarantee impartial evaluation and reporting of audit findings. In this regard, The Institute of Internal Auditors points out that there are two aspects of independence:

1. The organizational status of the internal auditor and the support accorded to him by management are major determinants of the range and value of the services that management will obtain from the internal review function. The head of the internal auditing department, therefore, should be responsible to an officer of sufficient rank in the organization as will assure a broad scope of activities and adequate consideration of and effective action on the findings and recommendations made by him.

2. Since complete objectivity is essential to the audit function, internal auditors should not develop and install procedures, prepare records or engage in any other activity that they normally would be expected to review and appraise. [Ref. 46]

Marine Corps policy dictates that the internal review function should be placed in a direct staff capacity to the comptroller or appropriate senior staff official, provided that the official reports to the commander. It also stresses that organizational placement should not limit or impede the scope of internal reviews or result in "sanitization" of the internal review reports before they reach the commander. [Ref. 47]

In most companies, in the private sector, internal auditing is a separate department located at the corporate headquarters. The size of the auditing department can range from one to hundreds. On the average there are 1.3 internal auditors per 1,000 employees. [Ref. 48]

The internal auditing unit usually occupies a place in the financial organization of the company. It is either a subunit of the controller's organization or a department under the jurisdiction of an officer such as the vice president of finance or the treasurer. In banking and insurance companies internal auditing is often a separate major staff unit reporting at a high level. This gives the auditing unit sufficient status to operate with a minimum of interference by other units in the business. [Ref. 49]



If the internal auditing program is to be effective the comptroller must be a strong supporter of the program. This support is reflected in the extent that the internal auditor has direct liaison with the commander when warranted. [Ref. 50]

### 3. Staffing and Personnel

One of the most important ingredients of any organization in achieving the desired results is motivated, knowledgeable, and well-trained people. The internal auditor, then should be familiar with the command's operating environment, operating policies, and operating procedures. [Ref. 51] In addition, the internal auditor's broad responsibilities and wide range of services require him to be well-informed on such matters as:

- a. The command's budget, fiscal, and accounting procedures, and those of the Federal government in general.
- b. Legal and regulatory requirements.
- c. Accounting and auditing principles and procedures.
- d. Standard management practices common to all organizations. [Ref. 52]

The internal auditor should be capable of conducting audits at various levels within the command, as well as being able to recognize problem areas and contribute workable suggestions for improvement. The internal auditor must ensure that all audits are conducted by personnel who collectively have the skills necessary for the type of audit that is to be performed. [Ref. 53]

The basic requirement for internal auditing positions usually require a high level of education and experience in accountancy. The nature of the internal auditor's work requires him to deal successfully with a wide variety of people. He must be able to communicate with them both orally and in writing. It is vitally important for the internal auditor to possess the personal qualities that elicit confidence and cooperation. He must be tactful and always maintain a good appearance and professional bearing. [Ref. 54]

The importance of training for an internal auditing staff is fundamental. Commanding officers must ensure that internal auditing personnel are provided both the opportunity and the funding support to satisfy internal auditing training needs. [Ref. 55]

The first general standard for government auditing is:

The auditors assigned to perform the audit must collectively possess adequate professional proficiency for the task required. [Ref. 56]

This standard recognizes the need for training for those who have skills in fields other than accounting and auditing. This training should be both on-the-job and formal classroom training. [Ref. 57]

A variety of formal training courses applicable to internal review organizations is available. Local colleges or universities and professional organizations,

such as the American Institute of Certified Public Accountants and the Institute of Internal Auditors, are valuable sources of training. In addition to the above, A Memorandum of Agreement executed between NAVCOMPT and AUDGENAV provides for functional area and technical training of internal review personnel through NAVAUDSVC sponsored courses. [Ref. 58]

Recognizing the integral role internal review plays in the internal control system, the Marine Corps policy is that every effort should be made to staff the internal review function on a full time basis. [Ref. 59] Furthermore, SECNAVINST 7510.8A suggests that the nucleus of the staff should be composed of qualified auditors. The use of functional experts from within the command to augment internal review capabilities periodically is authorized on an "as required" basis. [Ref. 60]

#### 4. Management of the Internal Review Function

##### a. Due Professional Care

Due professional care is defined as the auditor being professionally responsible for fulfilling his/her duties diligently and carefully. [Ref. 61] Due professional care must be exercised in conducting internal audits and in preparing related reports. This standard of performance includes:

1. Exercising good judgement in devising audit tests and procedures, and to do a good job in applying them and in preparing reports.

2. Effectively supervise assistants to the extent appropriate in relation to their abilities.
3. Maintain effective working relationships with officials of the activity audited.
4. Arrange to follow up on his findings and recommendations. [Ref. 61]

The standard of due professional care requires the auditor to be alert for indications of fraud, improper or illegal expenditures or operations, inefficiency, waste, or ineffectiveness. It is the commander's/manager's responsibility to implement controls that prevent irregularities and improprieties. The auditor's job should be to test these procedures and controls rather than to function as a substitute for them. [Ref. 63]

b. Programming for Internal Review

To ensure the effective use of internal review personnel and to provide adequate coverage for functional areas with known or suspected problems the internal review should develop an internal review plan. As a rule most internal reviews are scheduled one year in advance.

[Ref. 64] The annual review plan includes the following:

1. Requesting staff office and point of contact.
2. Reason for conducting the review.
3. Internal review objectives and scope of examination.
4. As appropriate, a brief summary or checklist of required procedures.
5. Scheduled event milestones and estimated manhours required.

6. Previously noted deficiencies [Ref. 65] The commander must approve the plan. It should, at a minimum, be updated semiannually. [Ref. 66]

In developing the program, priority should be given to incomplete projects and follow-up of deficiency findings in external audit reports or previous internal review reports. The commander's staff will be afforded an opportunity to recommend areas for consideration. The annual program must be flexible enough to accommodate urgent unprogrammed requirements. [Ref. 67] An example of an annual plan is found in Appendix B.

- c. Performing an Internal Review

The internal reviews should be conducted to the maximum extent possible in accordance with GAO Standards for Audit of Governmental Organizations, Programs, Activities and Functions. [Ref. 68]

Internal review personnel must be knowledgeable in the area being audited. They must familiarize themselves with the unit's operational directives, plans, policies, and required internal control features prior to beginning a review. [Ref. 69] These become the basic standards used to measure the auditee's performance. After familiarizing themselves with the area under examination they will plan the review in order to provide adequate coverage and to identify manpower requirements. The internal review staff is authorized to augment itself with functional experts in reviews in highly technical areas. [Ref. 70]



A formal review program should be developed during the preliminary part of the internal review project in order to facilitate the work. The program should include a check-list of actions to be completed, as well as references to directives which require compliance with certain procedures. However, the review program should maintain sufficient flexibility to be modified, if necessary, by circumstances encountered during the course of the review. Finally, the internal review should test the internal controls as a part of the review in order to determine if they are in place and effective. [Ref. 71]

d. Performing an Operational Audit

The purpose of operational auditing is to help the commander achieve his/her objectives more economically by identifying ineffective and inefficient practices and by making recommendations to the commander for improvement in those areas. To accomplish this auditors must focus on evaluating internal control systems and the command's decision-making process. [Ref. 72] Professor James R. Crockett, a former auditor with the Air Force Audit Agency, has developed a micromodel of operational auditing which includes the following parts:

1. Objectives or mission. The auditee's objectives must be written and communicated to operating management. The objectives must also be in harmony with and contribute to the overall organizational objectives.

2. Goals are subobjectives of overall objectives. They are evaluated in the same manners as objectives and mission. When all goals are reached, the overall objective is accomplished. Goals must be measureable.
3. Controls. Controls should be established to evaluate employees' performance and monitor progress toward reaching goals. Controls require comparison of performance to some predetermined standard of performance.
4. Performance measurement. The auditors evaluate the existing control system to determine whether goals are being accomplished. If review of existing controls indicate that goals are not being reached, auditors must analyze the situation, identify specific problems, and develop recommendations to eliminate the problem. In this analysis the auditor should determine whether there are problems with the goals, the controls, or operating policies and procedures.
5. System evaluation. The auditor should evaluate the concept and design of the control system even if the performance is satisfactory. This analysis should include the cost effectiveness of the system, the strategical placement of individual control points, and whether the system will actually identify substandard performance on an exception basis.
6. Feedback testing. To ensure the commander is getting reliable information the auditor must evaluate the quality of the feedback mechanism.
7. Analytical review, short-run. The auditor should evaluate the system in light of good management. This is accomplished by the auditor's previous experience, use of checklists, and review of literature for preferred management practices.
8. Analytical review, long-run. This is a subjective evaluation, by the auditor, of long-run impact of the operation. The auditor's conclusions must be formed from his knowledge, experience, and expertise.
9. Reporting. The report should be discussed with affected managers for both content and wording.

e. Documentation of Internal Review [Ref. 73]

One of the most important aspects of the internal review is the collection and assemblage of the data to support the conclusions and recommendations derived from the audit. Working papers, prepared in accordance with GAO guidelines, document the auditor's findings and provide an orderly transition between the accumulation of data and the rendering of a report. For the report to enjoy credibility it is imperative there is suitable and sufficient documentary evidence to support findings. [Ref. 74]

f. Reporting the Results of an Internal Review

The report to the commander communicates the auditor's findings and recommendations. To give the commander the greatest degree of latitude in making decisions, the auditor's report should recommend alternative solutions whenever possible. The requirement to render a report should not preclude the auditor from giving supervisors and operating personnel an opportunity to review the facts and to comment on the findings as they are developed. This can lead to immediate corrective action. [Ref. 73]

When constructing the report the following considerations are important: the report's content, its timeliness, and the recommendations. The report should clearly explain the scope and objective of the review. The facts surrounding the findings should be fully, accurately, and objectively presented and contain only

information that can be documented. The report should be issued as soon as possible to ensure timely corrective action on the noted deficiencies. The recommendations should be practical and communicated in a tone that will encourage a favorable reaction. The criterion that should be used in constructing recommendations is one that provides the commander a plan of action for each proposed feasible solution to the identified deficiency. The installation comptroller should ensure that the commanding officer is apprised of internal review results. [Ref. 76]

Copies of the report should be regularly routed to the Commanding General. [Ref. 77] The success of internal auditing is dependent upon the action the command takes on the findings disclosed in the report. [Ref. 78]

##### 5. Internal Review Follow-up and Liaison

To serve management fully the auditor must follow-up on the implementation of the internal review recommendations. Follow-up must provide a reasonable assurance that the actions operating personnel agreed to take are indeed taken and, further, that the actions corrected the problem. The follow-up function begins after recommendations are agreed to by the responsible officers and continues until all actions are accomplished. The auditor must carefully review the agreed upon recommendations and continually check the status of the corrective action. [Ref. 79]

The internal review function should provide the necessary liaison between the local command and audit agencies external to the command. When the command is audited by an external audit agency the internal review staff should do the following:

1. Notify appropriate command staff offices of the pending visit.
2. Render assistance to the external audit agency as may be requested.
3. Keep abreast of findings as they develop and provide assistance, when requested, to functional managers during the utilization phase of an audit and in developing timely management responses to audit recommendations. [Ref. 80]

#### C. SUMMARY

This chapter has established a framework that will serve as a standard in the study of the internal review function in the FMFPAC commands. The evaluation model described consists of five elements that are used to outline what should be occurring based on the policies, the regulations, and on the preferred practices in both the private and public sectors.

With the evaluation model established as a basis for the thesis, the author will discuss the survey execution and findings in Chapter IV.



#### IV. SURVEY AND FINDINGS

This chapter presents the findings obtained from a survey of the internal review functions in Fleet Marine Force Pacific (FMFPAC) commands. First, the survey methodology will be explained and then the findings developed from the survey will be presented and discussed.

##### A. SURVEY METHODOLOGY

The goal of the survey was to determine the degree of implementation of the policy and the preferred practices developed in the normative model. The survey participants consisted of the fourteen FMFPAC commands and their host activities with authorized internal review sections. The commands surveyed are listed in Exhibit IV-1. Two FMF commands listed in Exhibit IV-1 are not provided billets in their table of organization for internal review. Therefore, the majority of their responses were not relevant and not included in the subsequent material.

The questionnaire used in the survey is based on the normative model. Questions selected were used to determine if the policy and preferred practices delineated in the model were practiced in the commands. A pretest of the questionnaire was conducted at a local Navy internal review activity to detect potential problem areas. The questionnaire is found in Appendix C.

## EXHIBIT IV-1

### SURVEY PARTICIPANTS

#### Marine Corps Base Commands (Base)

1. Marine Corps Base Camp Pendleton (Host Activity)
2. Marine Corps Air Station El Toro (Host Activity)
3. Marine Corps Air Ground Combat Training Center  
Twentynine Palms (Host Activity)
4. Marine Corps Base Camp Butler
5. Marine Corps Air Station Kaneohe
6. Marine Corps Air Station Iwakuni

#### Fleet Marine Force Operational Commands (FMF)

1. 1st Marine Division
2. 3rd Marine Division
3. 1st Marine Brigade
4. 1st Marine Aircraft Wing
5. 3rd Marine Aircraft Wing
6. 1st Force Service Support Group
7. 3rd Force Service Support Group
8. FMFPAC Headquarters

Survey interviews were conducted with the head of the internal review group at each activity listed in Exhibit IV-1. Personal interviews were held with the internal review officer at the five commands located on the West coast, and telephone interviews were conducted with the remaining commands.

## B. FINDINGS

The findings are categorized into the major elements corresponding to the normative model. The number in parentheses following each question refers to the number of the question in the original questionnaire found in Appendix C. The survey questions and results are presented along with amplifying comments.

### 1. Demographics

<u>Nature of Command</u>	<u>No. of Personnel</u>	<u>Budget</u>
Base	3,000 - 10,000	\$ 5 - 100 Mil
FMF	5,000 - 10,000	\$10 - 99 Mil

The above demographics are provided to give the reader a sense of the magnitude of the commands surveyed. Many of the responses in the survey were closely related to the function performed by the command. Therefore, the responses will be displayed as "Base" for base functions and "FMF" for the operational functions in the subsequent material where responses were closely related to the function of the command.

## 2. Scope

- (a) Are your audit assignments directed primarily toward: (17)

	<u>Base</u>	<u>FMF</u>
Financial audits	6	6
Operational audits	6	2
Compliance with directives and internal control	6	2

The primary focus of internal review in the FMF commands is on financial audits. The scope of FMF internal reviews is focused on providing financial assistance and on conducting inspections of the financial records of the various cost centers in the command. The cost center is responsible for accounting for the funds expended by their unit.

The scope of audits conducted by the base commands is expanding into nonfinancial as well as financial areas. Many commands are using internal review to appraise operating procedures, in addition to financial systems. The eight commands who perform audits in the three areas listed in the survey indicated they spent an approximately equal amount of time in all three areas.

- (b) Has the command expressed an interest in doing or not doing certain types of audits? (18)

	<u>No.</u>
Yes	2
No	10

The majority of internal auditors have unlimited scope of audit in their assignments. The only exception appears to be when the command requires them to act as "trouble shooters." The high number of responses indicating the commands' indifference to performing certain types of audits is indicative of the greater latitude being given to internal review officers to define the scope of their work and the greater acceptance of this by the command.

### 3. Independence

- (a) To whom does the Internal Review Officer report?  
(4)

	<u>No.</u>
Comptroller	11
Division Inspector	1

Marine Corps policy dictates that the internal review function should be placed in a direct staff capacity to the comptroller or appropriate senior staff official, provided that the official reports to the commander. One command recently shifted the internal review function from the comptroller organization to the Inspector when they implemented the command's internal control program.

- (b) Does the Commanding General receive a copy of your reports? (5)

	<u>Base</u>	<u>FMF</u>
Yes	5	2
No	1	4



The level of reporting the results of internal review is a function of the scope of the audits performed. In the base commands, where audits often are operational in nature and cross functional lines, the reports are routinely routed to the Commanding General for review. The FMF command's reports of inspections of financial records are routed to the Comptroller. Two FMF Commands prepare semi-annual reports for the Commanding General, summarizing the internal review activities and the significant finding. The internal auditors interviewed felt their reports were being supported at the level necessary to ensure corrective action.

(c) Does the internal review officer have direct access to the Commanding General? (6)

	<u>Base</u>	<u>FMF</u>
Yes	5	2
No	0	4
Don't know	1	0

Those who did feel they didn't have access to the Commanding General were Marine officers who felt it was improper to go outside the chain of command. Moreover, these officers felt they received the necessary support from their comptroller to ensure their credibility.

(d) Does the internal review staff: (16)

(1) Have operating responsibilities?

	<u>No.</u>
Yes	2
No	10

(2) Develop and install procedures?

	<u>No.</u>
Yes	2
No	10

(3) Conduct vulnerability assessments?

	<u>No.</u>
Yes	1
No	10

(4) Draft procedures for internal control systems?

	<u>No.</u>
Yes	1
No	11

Two internal review officers occupy the internal review billet on a part-time basis. Therefore, they have operating as well as internal responsibilities.

(e) Does the internal staff: (2)

(1) Have access to all information considered pertinent to the conduct of an audit?

	<u>No.</u>
Yes	12
No	0

- (2) Have access to all members of the command to obtain such information?

	<u>No.</u>
Yes	12
No	0

- (f) Do you ever change the inputs of the audit report in response to discussions with the auditees? (37)

	<u>No.</u>
Yes	2
No	10

There is no indication reports were being sanitized. Those who indicated changing reports, after discussions with the auditee, modified them because the auditee provided them with additional information that was not previously available. They were not changed as a result of pressure by the auditee related to the auditor's findings. Internal review reports are routed to the Commanding General with the Comptroller's endorsement in the commands who routinely distribute the report to the Commanding General.

In summary, internal review should be completely independent in reporting its findings to the commander. Although Marine Corps policy dictates the internal review function to be located in the comptroller organization, this does not appear seriously to impede the independence of the internal auditor. Those internal

auditors interviewed felt their reports were being supported at the level necessary to ensure corrective action and to ensure their effectiveness as a vital part of the command's internal control program.

#### 4. Personnel

- a. How many years of experience does the internal review officer have in the internal review function? (11)

	<u>Base</u>	<u>FMF</u>
Less than 1 year	0	5
1 - 3 years	0	1
3 - 5 years	1	0
5 - 10 years	1	0
10 - 20 years	3	0
20 or more years	1	0

- b. How long has the internal review officer been in this command? (12)

	<u>Base</u>	<u>FMF</u>
Less than one year	0	5
One - two years	3	1
Three - five years	2	0
Five - ten years	0	0
Twenty or more years	1	0

In regard to personnel, there is a significant difference between the base and FMF commands. The base internal review officers are civilians with Government Service (GS) ratings of GS-9 to GS-12. The internal

auditors in the FMF commands are Lieutenants or junior Captains who are just entering the financial management military occupation speciality (MOS). Consequently, there is a direct correlation between experience in the function and longevity in the command and whether the auditor is a civilian or a Marine officer. The civilian internal auditor will have the greater degree of experience in the function and will have more years in the command than will the Marine officer internal auditor, by a significant margin.

- c. What formal education or training have you and your staff had?: (13)

	<u>Base</u>	<u>FMF</u>
College degree:		
Accounting major	6	1
Other	0	5
Professional organizations	6	1
NAVAUDSVC	6	1
Practical Comptrollership Course	2	1
Department of the Navy audit training course	2	0
Department of Agriculture audit training course	1	0

There is a significant difference in the formal education and in the training in auditing between the civilian auditors in the base commands and the Marine Corps Officer auditors in the FMF commands. Two of the civilian internal auditors are also Certified Public Accountants.



d. Does a formal training program exist? (14)

	<u>No.</u>
Yes	1
No	11

The survey results indicate that adequate training of internal review personnel is not being provided on a continuing basis. One base command had a formal systematic training program that consisted of rotating each new internal review member through each function in the comptroller organization. The program lasted about nine months, with the new member spending two to three months in each function. The training in the remaining commands consisted of taking advantage of training opportunities as they occur. These training opportunities include participation in quarterly internal review seminars, attending courses offered in the auditing field by the Naval Audit Service, and attending professional and military financial conferences held in the local area.

e. Is on-the-job training provided for internal auditing personnel that: (15)

	<u>Base</u>	<u>FMF</u>
(1) Familiarizes them with the command's operating environment, operating policies and procedures?	4	2
(2) Informs them on the command's budget, fiscal, and accounting procedures, and those of the Federal Government in general	2	2

	<u>Base</u>	<u>FMF</u>
(3) Trains them in accounting and auditing principles and procedures?	4	2

The on-the-job training, in the categories listed above, was primarily a function of the scope of the audits performed by the auditors. The base and FMF commands that performed operational and financial audits had a comprehensive on-the-job training program. In the commands that performed audits of financial records, on-the-job training programs were primarily focused on the training required to perform that specific audit. This question was not applicable to the two internal review functions manned only by the internal review officer.

#### 5. Staffing

- a. Is the Internal Review Officer's billet occupied on a full-time or a part-time basis?  
(17)

	<u>Base</u>	<u>FMF</u>
Full-time	6	4
Part-time	0	2
Not occupied	0	2

- b. How many personnel are assigned to internal review? (8)

	<u>Base</u>	<u>FMF</u>
0	0	2
1	1	1

	<u>Base</u>	<u>FMF</u>
2	3	1
3	1	1
4	1	0

The discussion with the internal review officers revealed that every effort is being made to staff internal review on a full time basis.

- c. In comparison with the table of authorization, are there any deficiencies in the assignment of your present staff by billet, grade, or military occupational speciality? (9) Respondents reported the following numbers of staff shortages:

	<u>Base</u>	<u>FMF</u>
0	1	4
1	3	0
2	1	2
4	1	0

Although there were shortages in many commands, staffing didn't appear to be a major problem. The overall feeling was that they were accomplishing the mission of internal review with the available resources. However, the command with the most serious personnel shortages was taking steps to correct the problem. In this command the GS ratings for internal auditors were low. This resulted in a large turnover among auditors once they were qualified and were eligible to transfer to positions with a higher rating. The command is in the

process of increasing the GS ratings for the internal review section.

- d. Are there audits you would like to perform but are unable to because of a lack of staff?

	<u>Base</u>	<u>FMF</u>
Yes	5	1
No	1	5

The response to this question appeared to be a combination of two factors, personnel shortages and scope of the audits performed by the command. The base commands that have the most serious shortages of personnel and perform a wide variety of audits expressed the most concern regarding their ability to perform additional audits due to a lack of staff.

- e. Do you use functional experts from within the command to periodically augment internal review capabilities? (3)

	<u>No.</u>
Yes	1
No	11

Although the Marine Corps Order allows internal review to be augmented by functional experts in the command, the majority of the commands did not use this valuable form of experience. Most felt that functional experts weren't needed in the audits that they have been conducting. Others weren't aware of the option available to them in the Order to use this manpower resource.

## 6. Due Professional Care

- a. Do you review the working papers before reports are prepared? (32)

	<u>No.</u>
Yes	12
No	0

- b. How long do you keep working papers? (33)

	<u>No.</u>
3 years	10
4 years	1
Over 4 years	1

- c. Do you test internal controls to determine if they are effective for preventing fraud, waste, and abuse? (19)

	<u>No.</u>
Yes	10
No	2

There is every indication that the internal review officer is fulfilling his duties diligently and carefully. The internal review officers are reviewing their assistants working papers in the conduct of an audit.

## 7. Programming

- a. Do you have an annual plan? (21)

	<u>No.</u>
Yes	12
No	0



- b. Are requests for audit plans solicited from the staff? (22)

	<u>No.</u>
Yes	10
No	2

- c. Is there a priority system for scheduling review? (23)

	<u>Base</u>	<u>FMF</u>
Yes	6	1
No	0	5

The FMF commands conducting financial assistance inspections, rather than internal reviews as defined in this thesis, were more flexible in the scheduling of inspections. They usually held an informal inspection once a quarter with each cost center, followed by a formal written inspection the subsequent quarter.

- d. Does the plan include a time schedule? (24)

	<u>No.</u>
Yes	12
No	0

- e. Is there time budgeted in the annual plan for training?

	<u>No.</u>
Yes	9
No	3

The training budgeted in the annual plan includes required military and civilian training outside of the internal review function.

- f. Is there scheduled time to follow up on previously noted deficiencies? (26)

	<u>No.</u>
Yes	10
No	2

- g. Does the Commanding General approve the plan? (27)

	<u>No.</u>
Yes	12
No	0

This annual plan is signed by the comptroller for the Commanding General using "by direction" authority.

- h. How often is the plan updated? (29)

	<u>No.</u>
Semi-annually	3
Quarterly	0
As required	9

- i. Is there a report on accomplishment and deviations from the plan? (29)

	<u>No.</u>
Yes	12
No	0

Headquarters Marine Corps requires a semiannual report of internal review activities from each command. An example of this report is shown in Appendix D.

- j. Do you budget less than 100 percent of your manhours to allow for flexibility? (30)

	<u>No.</u>
Yes	12
No	0

In general, the commands interviewed are programming internal reviews in accordance with the model.

#### 8. Performing an Internal Review

Do you use Naval Audit Service (NAS) written programs? (34)

	<u>Base</u>	<u>FMF</u>
Yes	6	2
No	0	4

NAS audit programs were used as guides. The audit programs were modified in the majority of cases to meet the needs of the particular audit. The FMF commands had their own checklists used in their reviews. An example of a checklist is shown in Appendix E.

## 9. Operational Auditing

When conducting an operational audit what criteria do you look at? (35)

	<u>No.</u>
The objectives of the auditee	6
Unit goals	2
Identify their controls	7
Look for performance measurements	0
Test to see if the commander is getting reliable information	4
Evaluation of the system	6
Standard operating procedures (SOP)	7
Records	3
Pertinent orders and instructions	3

There were eight commands that conducted operational type audits. Each internal auditor had his/her own technique of conducting this type of audit. The primary purpose of an operational audit, according to the interviews, is to assist the commander in utilizing their resources economically and efficiently.

## 10. Reporting

- a. Do you discuss the content and recommendation with the commander both during and after the audit?  
(36)

	<u>No.</u>
Yes	12
No	0

- b. Does your report contain recommended solutions?  
(38)

	<u>No.</u>
Yes	12
No	0

- c. Are there target dates established for corrective action? (39)

	<u>No.</u>
Yes	12
No	0

The interviewees recognized the importance of the report for communicating the results of an audit.

#### 11. Follow-up

- a. Does the Commanding General get involved in the correction of reported deficiencies? (40)

	<u>Base</u>	<u>FMF</u>
Yes	5	2
No	1	4

The degree of involvement by the Commanding General usually consisted of his signature or initials on the report, concurring with the recommendations. In other cases the Comptroller would note the discrepancies and sign the report for the Commanding General. Top command involvement was more common among the base commands. All internal auditors felt they received the necessary support at the higher levels of command to ensure the correction of deficiencies.



- b. Do internal review personnel receive a report from the audited unit on the corrective action taken on audit deficiencies? (41)

	<u>Base</u>	<u>FMF</u>
Yes	6	1
No	0	5

The commands that did not receive reports on corrective action usually made informal visits to the audited unit periodically to check and assist in the implementation of the corrective recommendations.

- c. Do you follow-up on the recommendations of the external audit report? (45)

	<u>No.</u>
Yes	12
No	0

## 12. Liaison

- a. Is the internal review staff the point-of-contact for external audit agencies? (42)

	<u>No.</u>
Yes	12
No	0

- b. Do you let units know when there is going to be an external audit? (43)

	<u>No.</u>
Yes	12
No	0

- c. Do you let units know what to expect from external audits and how to prepare for them? (44)

	<u>No.</u>
Yes	11
No	1

The internal review sections are performing the liaison with external audit agencies in accordance with the normative model.

## V. CONCLUSIONS AND RECOMMENDATIONS

This Chapter presents the conclusions and recommendations derived from the analysis of the survey results. Conclusions of significance, based on the degree of conformity to the model presented in Chapter III, will be addressed. First, a general profile of conformance and non-conformance between actual practice and the model will be evaluated. Next, the pattern of differences between conformance and non-conformance with the model will be discussed. Finally, conclusions regarding the reasons for the differences will be presented. The conclusions are the basis for the recommendations offered at the end of the chapter.

### A. CONCLUSIONS

#### 1. Model Conformity

In general, the Fleet Marine Force Pacific (FLMPAC) commands surveyed were in conformance with the model presented in Chapter III. With the current emphasis on internal controls, many commands have expanded the scope of audits into the field of operational or management auditing, as delineated in the model. The remaining commands' scope is limited to auditing of the financial records of command cost centers to determine if units are complying with the established control procedures.

Internal review in FMFPAC is not always a totally independent function. The concept of independence used in the model required the internal auditor to be free from other command influences to guarantee impartial evaluation and reporting of audit findings. Independence is a function of the organizational status of the internal auditor and the support accorded to him by the command, as reflected in the direct reporting of audit results and in the direct access to the Commander. The internal auditors are reporting to their Comptrollers, strong supporters of the internal review program, as required by Marine Corps Order. Audit reports are routed to the Commanding General via the Comptroller in many commands, while the audit reports of a few commands are not forwarded beyond the Comptroller. Access to the Commanding General is directly related to the level to which the audit report is forwarded. Auditors whose reports are routinely routed to the Commanding General generally have direct access to him when warranted. Conversely, those auditors whose reports are not seen by the Commanding General do not normally have direct access to him. In most case the auditors' independence is supported by their not being responsible for procedures, records, or other activities that they normally would be expected to review and appraise.

The FMFPAC commands' internal review sections are being staffed by both civilian and Marine auditors. The

civilian auditors, GS - 9 to GS - 12, are generally better trained, have more experience in auditing, and have greater longevity at the command than do the Marine auditors. The Marine officers occupying the internal review officer billets, in most cases, are lieutenants or junior captains in their first assignment in the financial management field. Every effort is being made to staff the internal review function on a full time basis to ensure its integral role in the internal control system of the command. The commands surveyed are not using functional experts from within the command, as authorized in the Marine Corps Order, to augment internal review capabilities periodically. This is a valuable resource, available to the auditors, that should be utilized in conducting operational audits in areas where the auditors lack technical expertise.

Adequate training of internal review personnel is not being provided on a continuous bases. The survey's results showed that only one of fourteen commands had a formal systematic training program. The remainder of the training programs usually consisted of merely attending courses, conferences, or other training opportunities as they became available and the auditors' schedules allowed participation. Continuous training must be planned and supported to increase the effectiveness of the auditors and the internal review function.



The internal review officers are fulfilling their duties diligently and carefully. They are supervising their assistants, documenting the results of the audit, and testing internal controls to determine if they are effective and functioning as intended.

The programming, performing, reporting, and follow-up of internal reviews are generally being conducted as described in the model. However, the degree of formality in the conduct and the reporting of audits varies among commands.

## 2. Observed Patterns

Internal review is being conducted at two different levels in FMFPAC commands. The distinction in the degree of conformity in the normative model is a function of the command's mission.

### a. Base Commands

In base commands, whose missions are to support the operating forces, practices of internal review conform relatively closely to the model. The bases' internal auditors' scope of auditing is expanding into non-financial or operational areas. Internal review in base commands enjoys greater independence. This is evident by the frequent routing of the audit reports to the Commanding Generals. The internal review officers also have direct liaison with the Commanding Generals when warranted.

The average base internal review officer is a civilian, with a Government Service (GS) rating of GS - 9 or GS - 12, who has a college degree in accounting, has several years of experience in the auditing field, and has been working at the command for a number of years. Therefore, this individual has gained a great deal of familiarity with the command's operating environment, operating policies, and operational procedures. This combination of knowledge, experience, training, and longevity results in the internal review officer being a valuable member of the management team, capable of conducting audits at various levels within the command. This individual will be able to recognize problem areas and contribute workable suggestions for improvement.

b. Fleet Marine Force (FMF) Commands

The FMF mission is operational in nature. All members of the FMF are required to deploy anywhere in the world in support of a mission assigned by the President of the United States through the Joint Chiefs of Staff. Therefore, the internal auditor in the FMF is normally a lieutenant or captain with a financial management military occupational speciality (MOS).

The scope of the internal audits in the FMF is generally limited to the audit of financial records of the cost centers of each unit in the command. These financial records are reviewed in detail to determine if

units are complying with the established control procedures of the command.

The independence of the internal review officer in the FMF is restricted. The internal review report is not usually forwarded beyond the Comptroller. The Comptroller is responsible to the Commanding General for the accountability of the funds in the command. Direct access to the Commanding General, however, is considered a violation of the chain of command. Instead, the internal review officer in the FMF enjoys a great deal of support and backing for the audit function from the Comptroller.

The internal review billet is often used as a training vehicle for Marine officers entering the financial management field. As a result of frequent rotation of personnel, the internal review billet is often filled for a minimal period by an internal review officer who will most likely have a non-accounting college degree, who lacks training and experience in auditing, and who is new to the command.

The auditor in the FMF relies heavily on locally generated command checklists when conducting an audit of the financial records. The auditor will conduct an informal audit or an assistance visit to each cost center quarterly followed by a formal audit the subsequent quarter. Follow-up to the recommendations made in the

formal report is conducted informally with personal visits to the cost centers monitoring the status of the implementation of recommendations.

### 3. Analysis of Differences

The differences in conformity to the standard model between base and FMF commands result from their organizations' missions and their personnel staffing. The profession of the civilian internal auditors in base commands is accounting and auditing. Therefore, it would be expected that they would have the knowledge, experience and training to be able to perform audits in an effective manner.

The FMF internal review officers are first and foremost Marine Corps officers. Their training in the Marine Corps and in financial management has been very general in nature. They are prepared to accomplish any number of tasks that could be assigned. The Marine Corps financial management officers' training is general in all aspects of financial management. Therefore, the internal review officers in the FMF, due to a lack of experience, training and knowledge, cannot be expected to conform as closely to the model as do their civilian counterparts in the base commands.

The readiness mission of the FMF commands influences the scope of internal review. To accomplish this mission there are numerous inspections across all

functional areas to ensure the command is ready to deploy anywhere in the world and sustain itself. There are inspections in supply, disbursing, and manpower, as well as an annual Commanding General's inspection and a biennial Inspector of the Marine Corps inspection that includes all aspects of the command. Therefore, many of the audits that cross functional lines in the base commands are being performed by readiness inspections in the FMF.

## B. RECOMMENDATIONS

### 1. Organization

It is recommended that internal review in FMF be staffed and performed from the FMFPAC headquarters to ensure the effectiveness and the credibility of the internal review function. This placement of internal review would allow for qualified, experienced civilian staffing in order to perform the expanded scope audits required by Marine Corps Order [Ref. 81] and by the Internal Review Policy letter. [Ref. 82] The organizational placement would improve independence by providing the internal auditors enhanced organizational status and by emphasizing the command's support for them. The commander and the comptroller should use every opportunity to emphasize and to demonstrate their support of the internal review function.



## 2. Reporting

To ensure the independence and the effectiveness of the internal review program, as an integral part of the command's systems of internal controls, the internal auditor's report should always be routed to the Commanding General. In addition, the internal auditor should have access to the Commanding General when warranted.

## 3. Staffing

Internal review officers should utilize functional experts in conducting operational audits.

## 4. Training

The internal auditor must be given continuous professional training. The internal auditor's expanding role requires new skills to be learned in order to keep up with the present demands. Chapter III mentioned some of the courses and the training opportunities available to the internal auditor. Training must be programmed and resources provided to take advantage of the training opportunities.

#### LIST OF REFERENCES

1. Marine Corps Order (MCO) 7540.2A, Internal Review 24 September 1979, pp. 1-2.
2. Commandant of the Marine Corps Letter FDR-40/eey/7500/1 to Distribution List. Subject: Internal Review Policy. 27 January 1983.
3. Marine Corps Order (MCO) 5200.24, Establishment, Maintenance, Review and Improvement of Management Control Systems, 30 March 1984, p. 7.
4. The National Industrial Conference Board, Internal Auditing, 1963, p. 4.
5. Secretary of the Navy Instruction 7510.8A, Internal Review in the Department of the Navy, 7 December 1982, p. 1.
6. Office of the Comptroller of the Navy, Introduction to Navy Audit and Internal Review, 1979, pp. 2-13.
7. Ibid., pp. 2-13.
8. Arens, A. A., and Loebbecke, J. K., Auditing: An Integrated Approach, 3rd ed., Prentice-Hall, 1984, p. 6.
9. Moran, R. T., "A Closer Look at Waste and Fraud in DoD," Armed Forces Comptroller, vol. 27, pp. 29-33, Summer 1982.
10. Ibid., p. 29.
11. Ibid., p. 29.
12. Marine Corps Development and Education Command, Management Control Handbook, 28 June, 1984, p. 1.
13. Office of Management and Budget (OMB) Circular A-123, Internal Control Systems, 16 August 1983, p. 2.
14. Marine Corps Development and Education Command, Management Control Handbook, 28 June 1984, p. 1.
15. Marine Corps Order (MCO) 5200.24, Establishment, Maintenance, Review and Improvement of Management Control Systems, 30 March 1984, p. 2.

16. Dempsey, C. L., "Internal Auditing--A Normative Approach," The Internal Auditor, vol. XLI:2, pp. 59-63, April 1984.
17. United States General Accounting Office, Internal Auditing in Federal Agencies, 1974, p. 2.
18. Dittenhofer, M. A., "Internal Auditing--Past, Present, and Future," The Internal Auditor, vol. XLI:3, pp. 66-74, June 1984
19. Office of the Comptroller of the Navy, Introduction to Navy Audit and Internal Review, 1979, pp. 1-13.
20. Ibid.
21. Office of the Secretary of the Navy, Department of the Navy Audit Manual for Management, SECNAVINST 7510.7A, Washington, D.C., 28 December 1978, pp. 1-3.
22. Ibid.
23. Ibid.
24. Marine Corps Order (MOD) 7540.2A, Internal Review, 24 September 1979, p. 1.
25. Fleet Marine Force Pacific Order (FMFPAC) 7540.1, Internal Review, 9 September 1982, pp. 1-3.
26. Pomeranz, Felix, et al., Auditing in the Public Sector, Warren, Borham & Lamont, 1976, p. 19.
27. Comptroller General of the United States, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, Washington, D.C., 1981, pp. 2-3.
28. Ibid., p. 6.
29. The National Industrial Conference Board, Internal Auditing, New York, 1963, p. 1.
30. The Institute of Internal Auditors, Inc., Survey of Internal Auditing, New York, 1969, p. 2.
31. Ibid., p. 2.
32. The National Industrial Conference Board, Internal Auditing, New York, 1963, p. 5.

33. Ibid., p. 5.
34. Ibid., p. 7.
35. Commandant of the Marine Corps Letter FDR-40/eey/7500/1 to Distribution List, Subject: Internal Review Policy, 27 January 1983, p. 1.
36. Anthony, R. N. and Herzlinger, R. E., Management Control in Nonprofit Organizations, revised edition, Irwin, 1980, p. 16.
37. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 3.
38. Dempsey, C. L., "Internal Auditing--A Normative Approach," The Internal Auditor, vol. XLI:2, p. 59-63, April 1984.
39. United States General Accounting Office, Internal Auditing in Federal Agencies, 1974, p. 4.
40. Ibid., p. 4.
41. Auditor General of the Navy, Audit Program No. 32. Internal Review in the Department of the Navy. Revision No. 1. May 1983, AUDGENAVNOTICE 7500. Washington, D.C., 27 September 1983, p. A-1.
42. Ibid., p. A-1.
43. Secretary of the Navy Instruction 7510.8A, Internal Review in the Department of the Navy, 7 December 1982, p. 7.
44. Ibid., p. 7.
45. Blazer, A. S. and Jaenicke, H. R., A Framework for Evaluating an Internal Audit Function, Foundation for Auditability Research and Education, 1980, p. 43.
46. The National Industrial Conference Board, Internal Auditing, New York, 1963, p. 7.
47. Commandant of the Marine Corps Letter FDR-40/eey/7500/1 to Distribution List, Subject: Internal Review Policy, 27 January 1983, p. 1.
48. The National Industrial Conference Board, Internal Auditing, New York, 1963, p. 1.

49. Ibid., p. 1.
50. United States General Accounting Office, Internal Auditing in Federal Agencies, 1974, p. 11.
51. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 2.
52. United States General Accounting Office, Internal Auditing in Federal Agencies, 1974, p. 9.
53. Ibid., p. 10.
54. Ibid., p. 10.
55. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 2.
56. Comptroller General of the United States, Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, Washington, D.C., 1981, p. 16.
57. Ibid., p. 16.
58. Secretary of the Navy Instruction 7510.8A, Internal Review in the Department of the Navy, 7 December 1982, p. 3.
59. Commandant of the Marine Corps Letter FDR-40/eey/7500/1 to Distribution List, Subject: Internal Review Policy, 27 January 1983, p. 1.
60. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 4.
61. Arens, A. A. and Loebbecke, J. K., Auditing: An Integrated Approach, 3d ed., Prentice-Hall, 1984, p. 16.
62. United States General Accounting Office, Internal Auditing in Federal Agencies, 1974, p. 13.
63. Ibid., p. 14.
64. The National Industrial Conference Board, Internal Auditing, New York, 1963, p. 59.
65. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 3.



66. Ibid., p. 4.
67. Ibid., p. 3.
68. Secretary of the Navy Instruction 7510.8A, Internal Review in the Department of the Navy, 7 December 1982, p. 2.
69. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 5.
70. Ibid., p. 5.
71. Ibid., p. 6.
72. Crockett, J. R., "Modeling the Operational Audit," The Internal Auditor, June 1980, pp. 67-76.
73. Ibid., pp. 67-76.
74. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 5.
75. Ibid., p. 8.
76. Ibid., p. 8.
77. The Institute of Internal Auditors, Inc., Survey of Internal Auditing, New York, 1969, p. 4.
78. The National Industrial Conference Board, Internal Auditing, New York, 1963, p. 2.
79. Secretary of the Navy Instruction 7510.8A, Internal Review in the Department of the Navy, 7 December 1982, p. 7.
80. Marine Corps Order (MCO) 7540.2A, Internal Review, 24 September 1979, p. 1.
81. Ibid., p. 1.
82. Commandant of the Marine Corps Letter FDR-40/eey/7500/1 to Distribution List, Subject: Internal Review Policy, 27 January 1983, p. 1.

## APPENDIX A

### SUMMARY OF GOVERNMENTAL AUDIT STANDARDS

#### GENERAL STANDARDS

1. The full scope of an audit of a governmental program function, activity, or organization should encompass:

a. An examination of financial transactions, accounts and reports, including an evaluation of compliance with applicable laws and regulations.

b. A review of efficiency and economy in the use of resources.

c. A review to determine whether desired results are effectively achieved.

In determining the scope for a particular audit, responsible officials should give consideration to the needs of the potential users of the results of that audit.

2. The auditors assigned to perform the audit must collectively possess adequate professional proficiency for the tasks required.

3. In all matters relating to the audit work, the audit organization and the individual auditors shall maintain an independent attitude.

4. Due professional care is to be used in conducting the audit and in preparing related reports.

## Examination and evaluation standards

1. Work is to be adequately planned.
2. Assistants are to be properly supervised.
3. A review is to be made of compliance with legal and regulatory requirements.
4. An evaluation is to be made of the system of internal control to assess the extent it can be relied upon to ensure accurate information, to ensure compliance with laws and regulations, and to provide for efficient and effective operations.
5. Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the auditor's opinions, judgements, conclusions, and recommendations.

## Reporting Standards

1. Written audit reports are to be submitted to the appropriate officials of the organizations requiring or arranging for the audits. Copies of the reports should be sent to other officials who may be responsible for taking action on audit findings and recommendations and to others responsible or authorized to receive such reports. Copies should also be made available for public inspection.

2. Reports are to be issued on or before the dates specified by law, regulation, or other arrangement and, in any event, as promptly as possible so as to make the

information available for timely use by management and by legislative officials.

3. Each report shall:

a. Be as concise as possible but, at the same time, clear and complete enough to be understood by the users.

b. Present factual matter accurately, completely and fairly.

c. Present findings and conclusions objectively and in language as clear and simple as the subject matter permits

d. Include only factual information, findings, and conclusions that are adequately supported by enough evidence in the auditor's working papers to demonstrate or prove, when called upon, the basis for the matters reported and their correctness and reasonableness. Detailed supporting information should be included in the report to the extent necessary to make a convincing presentation.

e. Included, when possible, the auditor's recommendations for actions to effect improvements in problem areas noted in his audit and to otherwise make improvements in operations. Information on underlying causes of problems reported should be included to assist in implementing or devising corrective actions.

f. Place primary emphasis on improvement rather than criticism of the past; critical comments should be presented in balanced perspective, recognizing any unusual difficulties or circumstances faced by the operating officials concerned.

g. Identify and explain issues and questions needing further study and consideration by the auditor or others.

h. Include recognition of noteworthy accomplishments, particularly when management improvements in one program or activity may be applicable elsewhere.

i. Include recognition of the views of responsible officials of the organization, program, function, or activity audited on the auditor's findings, conclusions, and recommendations. Except where the possibility of fraud or other compelling reason may require different treatment, the auditor's tentative findings and conclusions should be reviewed with such officials. When possible, without undue delay, their views should be obtained in writing and objectively considered and presented in preparing the final reports.

j. Clearly explain the scope and objectives of the audit.

k. State whether any significant pertinent information has been omitted because it is deemed privileged or confidential. The nature of such information



should be described, and the law or other basis under which it is withheld should be stated.

4. Each audit report containing financial reports shall:

a. Contain an expression of the auditor's opinion as to whether the information in the financial reports is presented fairly in accordance with generally accepted accounting principles (or with other specified accounting principles applicable to the organization, program, function, or activity audited), applied on a basis consistent with that of the preceding reporting period. If the auditor cannot express an opinion, the reasons therefor should be stated in the audit report.

b. Contain appropriate supplementary explanatory information about the contents of the financial reports as may be necessary for full and informative disclosure about the financial operations of the organization, program, function, or activity audited. Violations of legal or other regulatory requirements, including instances of non-compliance, and material changes in accounting policies and procedures, along with their effect on the financial reports, shall be explained in the audit report.

## APPENDIX B

### FY85 INTERNAL REVIEW PLAN

#### 1. Monthly Requirements

a. Audit and verification of all funds in custody of collection agents, custodians and Imprest Fund Cashier. At present there are five accounts holding/collection funds on behalf of the Disbursing Officer.

b. Verify the accuracy of the monthly report of operations of the Marine [Credit Union] and the [Local Credit Union].

c. 40 man days.

#### 2. Quarterly Requirements

a. Audit and verify cash/vouchers held as cash and other assets as recorded in the Disbursing Officer's official cash book.

b. Audit and verify cash/vouchers held by the authorized custodian of the Marine Corps Property Account.

c. Verify the accuracy of the Quarterly Banking Facility statements from [two local banks] and forward them to the Comptroller of the Navy via CMC.

d. 10 man days.

#### 3. Semiannual Requirements

a. Preparation of the Semiannual Report of Internal Audit and Internal Review Activities pursuant to the

Inspector General Act of 1978 PL95-452 and Semiannual Follow-up Report on Audit and Internal Review.

b. 3 man days.

4. Annual Requirements

a. Audit civilian payroll and timekeeping procedures to ensure compliance with NAVCOMPT Manuals, FPM, and local regulations.

b. Review management internal controls of vulnerability assessments to ensure compliance with MCO 5200.24.

c. Preparation of the Annual Credit Union Report in accordance with MCO 5381.2A.

d. Preparation of Internal Review Program Report.

e. 100 man days.

5. Scheduled Internal Audit for FY85

a. Civilian payroll and timekeeping	9 Oct - 14 Dec
b. Unliquidated obligation	17 Dec - 31 Jan
c. Service contracts	4 Feb - 29 Mar
d. Receipt Processing (Duplicate Payments)	1 Apr - 31 May
e. Telephone Services	3 Jun - 31 Jul
f. Energy Conservation	5 Aug - 27 Sep
g. 280 man days	

6. As Assigned/Required

a. Act as POC with all outside agencies, e.g., General Accounting Office (GAO), Assistant Inspector General for Auditing (AIG(A)) Department of Defense, and the Naval Audit Service (NAS) and keep CMC informed of all such visits.

b. Act as liaison with commercial enterprises in the surrounding communities in assisting to resolve any disagreements concerning accounts payable/receivable.

c. Review local [orders] to ensure compliance with higher authority directives.

d. Review cost analysis of all Commercial Activities (CA) type functions under review before forwarding to the Naval Audit Service, Western Region for validation as prescribed by MCO 4860.3C.

e. 120 man days.

7. Reserved Time

a. To accommodate urgent review requirements unforeseen of command interest at the time of program development.

b. 100 man days.

8. Training

a. Locally sponsored seminars, workshops and other training courses as they become available.

b. Compulsory military training for staff members that are active duty military.

c. 30 man days.

9. Administrative Functions

a. Routine assignments, e.g., appointments, revocation and change of assignment letters of Collection Agents. Imprest Fund cashier and authorized custodians of government funds.

b. 10 man days

10. Leave and Holidays

- a. Leave - 60 man days
- b. Holidays - 27 man days
- c. 87 man days

11. Total Man Days Scheduled - 780

Internal Review Staffing

<u>Authorized</u>				<u>Assigned</u>		
<u>T/O #</u>	<u>Line #</u>	<u>Rank/ Grade</u>	<u>MCS/ Series</u>	<u>Rank/ Grade</u>	<u>MOS/ Series</u>	<u>Name</u>
	1303	GS-11	511	GS-11	511	[Name]
	1303A	GS-9	511	GS-9	511	[Name]
	1303A	GS-9	511	GS-9	511	Vacant
	1303A	GS-9	511	GS-9	511	Vacant
	1303B	Sgt	3451			Vacant

[Phone number]

INDIVIDUAL TRAINING PLAN  
[NAME] GS-511-09

Position: Auditor, Internal Review Branch, Analysis &  
Review Division, Comptroller echelon

1. Formal government courses

1-5 October 1984 - NAVCOMPT Internal Review Course

Other formal training courses will be added into this  
Individual Training Film when they become available.

2. On-the-job training assignments

09 Oct - 14 Dec Civilian payroll and timekeeping

17 Dec - 31 Jan Unliquidated obligation



04 Feb - 29 Mar Service contracts

01 Apr - 31 May Receipt Processing

03 Jun - 31 Jul Telephone Services

05 Aug - 27 Sep Energy conservation

This schedule includes time for required irregular surprise cash counts and verification which cannot be scheduled on a regular basis.

Formal training courses will be added into this Individual Training Plan when they become available.

## APPENDIX C

### QUESTIONNAIRE

1. How many personnel are there in this command? (DC)
2. What is this command's total budget? (DC)
3. What is the nature of this command? Base, Support, FMF? (DC)
4. To whom does the Internal Review Officer report? (I)
5. Does the Commanding General receive a copy of your reports? (I)
6. Does the internal review officer have direct access to the Commanding General? (I)
7. Is the Internal Review Officer's billet occupied on a full-time or part-time basis? (SF)
8. How many personnel are assigned to internal review? (SF)
9. In comparison with the table of authorization, are there any deficiencies in the assignment of your present staff by billet, grade, or military occupational speciality (MOS)? (SF)
10. Are there audits you would like to perform but are unable to because of a lack of staff? (SF)
11. How many years of experience does the internal review officer have in the internal review function? (P)
12. How long has the Internal Review Officer been in this command? (P)

13. What formal education or training have you and your staff had: (P)

College degree:

Accounting major

Other

Professional organizations

NAVAUDSVC

Practical Comptrollers Course

Other

14. Does a formal training program exist? (P)

15. Is on-the-job training provided for internal auditing personnel that: (P)

Familiarizes them with the commands' operating environment, operating policies and procedures?

Informs them on the command's budget, fiscal, and accounting procedures, and those of the Federal Government in general?

Trains them in accounting and auditing principles and procedures?

16. Does the internal review staff: (I)

Have operating responsibilities?

Develop and install procedures?

Conduct vulnerability assessments?

Draft procedures for internal control systems?

17. Are your audit assignments directed primarily toward: (S)

Financial audits?

Operational audits?

Compliance with directives and internal control?

18. Has the command expressed an interest in doing or not doing certain types of audits? (I & S)

19. Do you test management controls to determine if they are effective for preventing fraud, waste, and abuse?

(DPC)

20. Does the internal audit staff: (I & S)

Have access to all information considered pertinent in the conduct of an audit?

Have access to all members of the command to obtain such information?

21. Do you have an annual plan? (PG)

22. Are requests for audit plans solicited from the staff? (PG)

23. Is there a priority system for scheduling reviews? (PG)

24. Does the plan include a time schedule? (PG)

25. Is there time budgeted in the annual plan for training? (P&PG)

26. Is there scheduled time to follow-up on previously noted deficiencies? (PG)

27. Does the Commanding General approve the plan? (PG)

28. How often is the plan updated: (PG)

Semi-annually

Quarterly

As required

29. Is there a report on accomplishment and deviations from the plan? (PG)
30. Do you budget less than 100 percent of your man-hours to allow for flexibility? (PG)
31. Do you use functional experts from within the command to periodically augment internal review capabilities? (SF)
32. Do you review the working papers before reports are prepared? (DPC)
33. How long do you keep working papers?
34. Do you use NAS written audit programs? (PF)
35. When conducting an operation what criteria do you look at? (DA)

Start with the objectives of the auditee?

Get the units goals?

Identify their controls?

Look for performance measurements?

Test to see if the commander is getting reliable information?

Evaluate the system.

Discuss the finding and recommendations with the commander?

36. Do you discuss the content and recommendations of the report with the commander both during and after the audit? (R)



37. Do you ever change the inputs of the audit report in response to discussion with the auditee? (I)
38. Does your report contain recommended solutions? (R)
39. Are there target dates established for corrective action? (I,R,F)
40. Does the Commanding General get involved in the correction of reported deficiencies? (I,R,F)
41. Do internal audit personnel receive a report from the audited unit on the corrective action taken on audit deficiencies? (DPC & F)
42. Is the internal review staff the point-of-contact for external audit agencies? (L)
43. Do you let units know when there is going to be an external audit? (L)
44. Do you let units know what to expect from external audits and how to prepare for them? (L)
45. Do you follow-up on the recommendations of the external audit report? (F)

#### CODING

S	Scope
I	Independence
P	Personnel
SF	Staffing
DPC	Due Professional Care
PG	Programming

PF	Performing an audit
OA	Operational auditing
D	Documentation
R	Reporting
L	Liaison
F	Follow-up
DC	Demographics of the Command

#### SEQUENCE OF QUESTIONS

1	-	13	Who are you?
14	-	20	What do you do?
21	-	45	How do you do your job?

## APPENDIX D

### SEMIANNUAL REPORT OF INTERNAL REVIEW ACTIVITIES

From: Commanding General [Command]  
To: CMC, Washington D.C.  
Info: CO [Command]

Subj: SEMIANNUAL REPORT OF INTERNAL REVIEW ACTIVITIES PURSUANT TO THE  
IG ACT OF 1978, P.L. 95-452 AND SEMIANNUAL FOLLOWUP REPORT ON  
INTERNAL REVIEW

Ref: (a) CMC ltr FDR-43/VDR 7500/1 of 24 Feb 83  
(b) CMC Washington D.C. 151339Z Feb 85

1. Subject report is submitted IAW the references.

a. Section III. Resources and Organization Structure.

(1) Resources Applied

(a) Personnel

<u>Function</u>	<u>Civilian</u>		<u>Military</u>		<u>Total</u>	
	<u>Auth</u>	<u>Actual</u>	<u>Auth</u>	<u>Actual</u>	<u>Auth</u>	<u>Actual</u>
Internal Review	4	1	1	0	5	1

(b) Operating Costs

<u>Function</u>	<u>Civilian Personnel</u>	<u>Military Personnel</u>	<u>Travel</u>	<u>Other</u>	<u>Total</u>	<u>Total FY85 Budget</u>
Internal Review	\$19,848	-0-	-0-	-0-	\$19,848	\$114,089

b. Section IV - Summary of Operations

(1) Special Activities

(a) Command has fraud, waste and abuse hotline.

c. Section V. Exhibits and Schedules

(1) Exhibit B - Schedule 1

	<u>Reports Issued</u>	<u>Direct Internal Review Workdays</u>
Comptroller	2	96
Supply	6	15

	<u>Reports Issued</u>	<u>Direct Internal Review Workdays</u>
Other	8	20
Mgmt Control Reviews	<u>1</u>	<u>5</u>
Total	<u>17</u>	<u>136</u>

(2) Schedule 3A through 3c

Monetary benefits from reports - undeterminable

(3) Exhibit H - None

(4) Exhibit N - Summary of Follow Up Activity

(a) Summary of Activity and Status for the Reporting Period

<u>Open Beginning Period</u>	<u>Received During Period</u>	<u>Closed During Period</u>	<u>Open End of Period</u>	
7	17	21	3	Reports
38	7	37	8	Findings
41	7	40	8	Recommendations

Monetary Benefits from Reports - Undeterminable

d. Schedule on Application of Total Time

	<u>Internal Review Workdays</u>	<u>Percent Total Workdays</u>
Indirect and Admin Time		
Orientation and Training	15	9%
Leave and Holidays	7	4
PCS & TDY	0	0
Mgmt & Admin	12	7
Technical Functions	0	0
Audit Liaison	5	2
Other	<u>0</u>	<u>0</u>
Total Indirect and Admin Time	39	22
Total Direct Time	<u>136</u>	<u>78</u>
Grand Total	<u>175</u>	<u>100%</u>

e. Significant reports issued during the period - None

f. Internal Reviews as authorized and on board as of 31 Jan 1985.

	<u>Authorized</u>		<u>Actual</u>
Line NBR	Rank/Grade	MOS/Series	
1303	GS-11	511	Vacant
1303A	GS-9	511	[Name]
1303A	GS-9	511	Vacant
1303A	GS-9	511	Vacant
1303M	SGT	3451	Vacant

g. Professional Background of Internal Reviewers on board.

[Name] CPA with 30 credit hours of Post Graduate Work.

h. Amount of Training (# of Days) Each Internal Reviewer has had over six month period - 15 days.



APPENDIX E

FISCAL INSPECTION CHECKLIST

UNITED STATES MARINE CORPS  
[COMMAND]

7000  
12/IR1

Unit _____	Cost Center _____
Fiscal Officer _____	Fiscal Clerk _____
Inspecting Officer _____	Inspector _____
Date of Inspection _____	Overall Rating _____

1. This report is designed to serve the following purposes:

a. Provide the commanding officer and fiscal officer of the organization with a ready reference as to the overall performance of the fiscal account.

b. Serve as guidance to the organization. Disparities noted are considered to be of importance and immediate corrective action is to be taken. Failure to do so may result in the inability of the organization to perform its assigned mission.

2. A copy of this report will be placed in the organization's fiscal files and retained for three fiscal years.

3. The correct procedures for all portions covered by this check-list have been established by [command order] \_\_\_\_\_

INSPECTING OFFICER

Part I

GENERAL INFORMATION

Cost Center \_\_\_\_\_

Rating \_\_\_\_\_

1. Is the cost center preparing the available balance reports (ABR) properly and submitting them in accordance with the schedule prescribed by the Comptroller?

YES/NO/NA

2. Is the cost center promptly submitting one-time reports and information as requested (i.e., after-action reports, budgets, mid-year review, etc.)?

YES/NO/NA

3. Is a current appointment/letter/unit special order for the fiscal officer on file with the Comptroller

YES/NO/NA

For the fiscal clerk?

YES/NO/NA

For the alternate fiscal clerk?

YES/No/NA

4. Are the following (current editions) maintained by the fiscal officer/clerk for use when required?

a. [Command Order]

YES/NO/NA

b. [Command Order]

YES/NO/NA

c. Desktop Procedures

YES/No/NA

5. Are the following being maintained in prescribed number sequence:

a. Cost center authorizations and amendments

YES/NO/NA

b. Cost center status of funds-Microfiche

YES/NO/NA

c. Financial Transaction Journals/Microfiche

YES/NO/NA

d. Job Order Number (JON) status Microfiche

YES/NO/NA

e. Undelivered Orders listing-Microfiche

YES/NO/NA

- f. Master Data Element Audit Microfiche  
YES/NO/NA
- g. Fiscal Document Files (i.e. DSSC shopping lists,  
POL receipts, open purchase/imprest funds, RA batches, etc.)  
YES/NO/NA
6. Are the document files separated as follows:
- a. Pending YES/NO/NA
  - b. Partial-pending (DSSC shopping lists)  
YES/NO/NA
  - c. Undelivered orders YES/NO/NA
  - d. Completed YES/NO/NA
7. Is a Fiscal Document Transmittal (FDT) file being  
maintained?  
YES/NO/NA
8. Is a credit card log on hand and does it monitor check-  
out and return adequately?  
YES/NO/NA

Comments \_\_\_\_\_

---

9. Are internal procedures adequate to ensure that fiscal  
clerks receive copies of all documents for proper fiscal  
handling?  
YES/NO/NA
10. Are all credit cards maintained in a secure place at  
all times?  
YES/NO/NA
11. Is a list of all credit cards checked out from the  
Comptroller written in the credit card logbook?  
YES/NO/NA
12. Are any cards missing? YES/NO/NA
- If so, have they been properly reported to the AC/S,  
Comptroller? YES/NO/NA
13. List any additional guidance/comments given to fiscal  
officer and/or clerk concerning this area of inspection.

Part II

FISCAL FILES - OPBUD

Cost Center \_\_\_\_\_ Rating \_\_\_\_\_

1. Are DSSC shopping lists retained in proper file when all line items are not completed? YES/NO/NA

If not, in which file were they found? \_\_\_\_\_

2. Has monetary value of partial-pending shopping list been changed from original pending value? YES/NO/NA

3. Are the DSSC pending items highlighted? YES/NO/NA

4. Are erroneous charges noted on FTJ's? YES/NO/NA

5. Have erroneous charges been properly reported to AC/S, Comptroller (ATTN: Internal Review Section (IRS))? YES/NO/NA

6. Are Fiscal Purposes Only (FPO) documents in pending to correspond with erroneous charges tabbed on FTJ's? YES/NO/NA

7. Has action been taken to cause documents in pending file over 15 days old to be posted? YES/NO/NA

8. Were any documents incorrectly filed in pending? YES/NO/NA

If so, how many? \_\_\_\_\_

Partial-pending? YES/NO/NA

If so, how many? \_\_\_\_\_

Undelivered orders? YES/NO/NA

If so, how many? \_\_\_\_\_

Completed? YES/NO/NA

If so, how many \_\_\_\_\_

9. Do the documents listed on the UDO microfiche match those in the UDO file in all aspects? YES/NO/NA

10. If not, what are the differences? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. Does the fiscal clerk know what causes 6-type transaction? YES/NO/NA

12. PE Available Balance Report as of FTJ run # \_\_\_\_\_

a. Authorization \_\_\_\_\_

b. Year-to-date obligation \_\_\_\_\_

c. Pending

(1) Open Purchase \_\_\_\_\_

(2) DSSC \_\_\_\_\_

(3) Off base purchases \_\_\_\_\_

(4) FPO file \_\_\_\_\_

d. Available Balance \_\_\_\_\_

e. Percent obligated \_\_\_\_\_ %

13. RA Available Balance Report as of FTJ run # \_\_\_\_\_

a. Authorization \_\_\_\_\_

b. Year-to-date obligation \_\_\_\_\_

c. Pending

(1) ZOA's, D7A's and EROSL's \_\_\_\_\_

(2) ZC1's/FPO's \_\_\_\_\_

d. Available Balance \_\_\_\_\_

e. Percent obligated \_\_\_\_\_

14. List any additional guidance/comments given to fiscal officer and/or clerk concerning this area of inspection.

\_\_\_\_\_  
\_\_\_\_\_



### Part III

#### DESK TOP PROCEDURES

Cost Center\_\_\_\_\_

Rating\_\_\_\_\_

1. Are the following items adequately covered and correctly explained in the fiscal desk top procedures?

- a. How and when to submit an available balance report.  
YES/NO/NA
- b. How authorizations and amendments should be filed  
YES/NO/NA
- c. How microfiche should be filed. YES/NO/NA
- d. How financial transaction journals should be filed.  
YES/NO/NA
- e. Different types of receipt documents which should be maintained in fiscal files. (i.e. POL, on base self-service, shop stores, MCX Clothing Branch, etc.)  
YES/NO/NA
- f. How receipt documents should be filed  
YES/NO/NA
- g. How to work a financial transaction journal.  
YES/NO/NA
- h. Procedures for checking out credit cards and getting receipts turned in. YES/NO/NA
- i. How to make up a dummy document for missing receipts. YES/NO/NA
- j. How and when to make up a partial pending document.  
YES/NO/NA
- k. How to identify erroneous charges and report them.  
YES/NO/NA
- l. How and when to make up a Fiscal Purposes Only (FPO) document. YES/NO/NA
- m. How and when to submit a fiscal document transmittal. YES/NO/NA
- n. How to report documents which remain pending over 15 days. YES/NO/NA

o. How to work the undelivered orders file. YES/NO/NA

p. How the open purchase system works. YES/NO/NA

q. RA Procedures YES/NO/NA

2. List any additional guidance/comments given to the fiscal officer and/or fiscal clerk concerning this area of the inspection.

Part IV  
FINANCIAL MANAGEMENT

Cost Center \_\_\_\_\_

Rating \_\_\_\_\_

1. Are the following documents on hand?

- |   |           |
|---|-----------|
| a. Current Financial Plan               | YES/NO/NA |
| b. Latest Budget Input                  | YES/NO/NA |
| c. Deficiency Review(s)                 | YES/NO/NA |
| d. Latest Midyear Review Input          | YES/NO/NA |
| e. Exercise After-action Fiscal Reports | YES/NO/NA |
| f. Desktop Procedures                   | YES/NO/NA |

2. Is there evidence that the Commanding Officer utilizes the special staff and commanders in financial management (Particularly the budget process)?

YES/NO/NA

3. Are the following signed by the CO?

- |                          |           |
|--------------------------|-----------|
| - Current Financial Plan | YES/NO/NA |
| - Requests for funds     | YES/NO/NA |
| - Midyear Review         | YES/NO/NA |
| - Budget Input           | YES/NO/NA |
| - Deficiency Review      | YES/NO/NA |

4. How often does the CO receive status of funds briefs?

Who attends these briefs? \_\_\_\_\_

5. Is the cost center meeting assigned 1st Marine Division obligation rate goals according to official accounting records?

YES/NO/NA

6. Is the unit aware of its current Type 1 and 2 deficiency status?

YES/NO/NA

7. Are exercise/section costs identified by assigning special local use codes within JON structure?

YES/NO/NA

8. Are sub-cost centers assigned by the cost center?

YES/NO/NA

# INITIAL DISTRIBUTION LIST

	No. Copies
1. Defense Technical Information Center Cameron Station Alexandria, Virginia 22304-6145	2
2. Library, Code 0142 Naval Postgraduate School Monterey, California 93943-5100	2
3. Chairman, Administrative Sciences Code 54 Naval Postgraduate School Monterey, California 93943-5100	1
4. Professor James M. Fremgen Code 54Fm Naval Postgraduate School Monterey, California 93943-5100	1
5. Major Donald E. Summers Investment Analysis Section FDB Headquarters Marine Corps Washington, D.C. 20380	3
6. Marine Corps Representative Code 0309 Naval Postgraduate School Monterey, California 93943-5100	2
7. Assistant Chief of Staff Comptroller Headquarters, Fleet Marine Force Pacific Camp H. M. Smith Hawaii 96861	1
8. Commandant of the Marine Corps (Code FD) Headquarters Marine Corps Washington, D.C. 20380	1
9. Defense Logistics Studies Information Exchange U.S. Army Logistics Management Center Fort Lee, Virginia 23801	1









5 JUN 97

57053

215366

Thesis

\$8626

Summers

c.1

A study of internal  
review in the Fleet  
Marine Force Pacific  
and host activity com-  
mands.

22 DEC 97

57053

5 JAN 97

57053

215366

Thesis

\$8626

Summers

c.1

A study of internal  
review in the Fleet  
Marine Force Pacific  
and host activity com-  
mands.





thesS8626

A study internal review in the Fleet Mar



3 2768 000 68572 1

DUDLEY KNOX LIBRARY